

Ronald D. Schoen, Trustee
Box 216
Payette, ID 83661
Tel No. (208) 642-9820

UNITED STATES COURTS
DISTRICT OF IDAHO

JUL 17 1998

LODGED M. RECD
FILED

UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

In re:

TERRY HIPWELL

Debtor.

Chapter 12

Case No. 96-02095

TRUSTEE'S MOTION TO
SELL REAL PROPERTY

The trustee moves the Court for an order authorizing him to sell real property in which the above estate claims an interest pursuant to:

- 1) 11 USC § 363(b).
- 2) Bankruptcy Rule 6004(f)(1).
- 3) LBR 2002.1.
- 4) Second Amended Chapter 12 Plan (filed May 13, 1997).
- 5) Order Confirming Chapter 12 Plan (May 30, 1997).
- 6) Travelers Insurance Co Modified Stipulation (filed May 13, 1997).

A. COMMITTMENT FOR TITLE INSURANCE

For ease of reference, this motion will refer to the attached Commitment for Title Insurance issued by First American Title Insurance Co:

No. PC-25814 issued June 23, 1998 for \$317,200.00.
No. FA-10041 issued July 7, 1998 for \$392,800.00.

Only those pages applicable to this motion are attached. This motion will refer to the property described on Exhibit "A" and exceptions described on Schedule "B" with the reference commencing with the title page number. The trustee is relying upon the policy but does not warrant its accuracy to the buyers.

TRUSTEE'S MOTION TO
SELL REAL PROPERTY

B. TYPE OF SALE

Private sale to:

Elden and Melba Jean Lind
16 South 950 East
Declo, ID 83323

C. TIME AND PLACE OF SALE

On either August 5, August 6 or August 7, 1998, at the offices of Pioneer Title Company located at 423 South Kimball Avenue, Caldwell, Idaho.

D. TREATMENT OF EXISTING LIENS

Sale free and clear of certain liens, as hereafter described, with those liens to attach to the proceeds of the sale to the extent that the proceeds are sufficient to satisfy said liens.

E. OTHER CONDITIONS

Subject to the Travelers Insurance Company and Land View Fertilizer providing satisfactory releases of their liens to the property encumbered.

F. TERMS OF SALE

Total sales price of \$710,000.00, less \$71,500.00 earnest money received by the trustee on June 16, 1998, for a net balance owing of \$638,500.00.

G. DESCRIPTION OF PROPERTY TO BE SOLD

TITLE PAGE #2 & #3 - SCHEDULE "A"

Land situated in the County of Canyon, State of Idaho, described as follows:

PARCEL I:

The North One-Half of the Northwest Quarter of Section 35, Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho.

EXCEPTING THEREFROM the following parcel:

COMMENCING at the West 1/16 corner common to Section 26 and 35 of Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho; thence

North 90° 00' 00" East a distance of 323.00 feet along the North line of said Section 35 and the centerline of Shelton Lane to a point; thence

South 0° 00' 00" East a distance of 250.00 feet at right angles with the centerline of said Shelton Lane and the North line of said Section 35 to a point; thence

North 90° 00' 00" West a distance of 523.00 feet along a line parallel with the North line of said Section 35 to a point; thence

North 0° 00' 00" East a distance of 250.00 feet, more or less, to the centerline of said Shelton Lane and the North line of said Section 35; thence

North 90° 00' 00" East a distance of 200.00 feet, more or less, along the centerline of said Shelton Lane and the North line of said Section 35 to the TRUE POINT OF BEGINNING.

PARCEL II:

The Northwest Quarter of the Northeast Quarter of Section 35, Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho.

PARCEL III:

COMMENCING at the West 1/16 corner common to Sections 26 and 35 of Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho; thence

North 90° 00' 00" East a distance of 323.00 feet along the North line of said Section 35 and the centerline of Shelton Lane to a point; thence

South 0° 00' 00" East a distance of 250.00 feet at right angles with the centerline of said Shelton Lane and the North line of said Section 35 to a point; thence

North 90° 00' 00" West a distance of 523.00 feet along a line parallel with the North line of said Section 35 to a point; thence

North 0° 00' 00" East a distance of 250.00 feet, more or less, to the centerline of said Shelton Lane and the North line of said Section 35; thence

North 90° 00' 00" East, a distance of 200.00 feet, more or less, along the centerline of said Shelton Lane and the North line of said Section 35 to the TRUE POINT OF BEGINNING.

TITLE PAGE #9 - SCHEDULE "A"

Land situated in the County of Payette, State of Idaho, described as follows:

The South half of the Northeast quarter; and the North half of the Southeast quarter; and the Northwest quarter of the Southwest quarter; and the Southwest quarter of the Northwest quarter; and the Southeast quarter of the Northwest quarter; and the Northeast quarter of the Southwest quarter; and the South half of the Southwest quarter and the South half of the Southeast quarter all in Section 26, Township 6 North, Range 5 West, Boise Meridian, Payette County, Idaho.

H. DESCRIPTION OF ADDITIONAL PROPERTY TO BE SOLD

All water rights of whatever kind or nature, including but not limited to the below:

<u>WATER RIGHT</u>	<u>CUBIC FEET PER SECOND</u>	<u>TOTAL ACRES</u>
A63-08387	4.46	451
A63-08244	0.65	65
A63-03307	3.73	212

All pumps, pump panels, motors and irrigation equipment, whether considered fixtures, personal property or mixed, including but not limited to the following which was originally a part of a security interest:

- (a) Ten-inch aluminum mainline; 32 pieces 50-foot supply line and 35 pieces 50-foot mainline.
- (b) 8 inch aluminum mainline; 30 pieces 50-foot.
- (c) 6 inch aluminum mainline; 11 pieces 50-foot.
- (d) 4 inch aluminum mainline; 18 pieces 40-foot.
- (e) 3 inch aluminum mainline; misc pieces.
- (f) Buried mainline approximately 7/8 mile of steel.
- (g) Approximately 1/8 mile of 8-inch PVC supply line.
- (h) 4 pieces, 5-inch x 50-foot PVC mainline.
- (i) 3-inch hand lines - hook and latch.
714 pieces, 3-inch x 40-foot center risers.
21 pieces, 3-inch x 20-foot end riser end pipes.
54 pieces, 3-inch x 40-foot end risers.

Less equipment missing as a result of an inventory consisting of 8 each 10-inch lines; 3 each 4-inch lines and 3 each hand lines.

I. **ESTIMATED NET SALE PROCEEDS TO
TRUSTEE BY PIONEER TITLE CO**

BALANCE DUE BY BUYER \$638,500.00

DEDUCTIONS:

Taxes Due Canyon County:

Parcel #R39470000-0

1994 thru 1997 Taxes \$11,837.09

Penalty 236.76

Interest & Costs to 7/30/98 2,906.04

Est 1998 (7/12 of \$3,497.64) 2,040.29

Parcel #R39464000-0

1995 thru 1997 Taxes 1,062.08

Penalty 21.18

Interest & Costs to 7/30/98 260.80

Est 1998 (7/12 of \$336.18) 196.11 - 18,560.35

Taxes Due Payette County:

Parcel #250

1995 thru 1997 Taxes 3,966.42

Penalty 79.34

Interest to 7/30/98 773.54

Est 1998 (7/12 of \$1,311.86) 765.25

Parcel #251

1995 thru 1997 Taxes 819.70

Penalty 16.40

Interest to 7/30/98 161.04

Est 1998 (7/12 of \$265.22) 154.71

Parcel #251-1

1995 thru 1997 Taxes 4,292.90

Penalty 85.84

Interest to 7/30/98 842.98

Est 1998 (7/12 of \$1,391.04) 811.44 - 12,769.56

Title Insurance - 2,559.75

One-Half Est Closing Costs - 450.00

NET PROCEEDS TO TRUSTEE \$604,160.34

**J. ESTIMATED DISTRIBUTION OF
NET SALE PROCEEDS BY TRUSTEE**

RECEIPTS:

Net Proceeds from Pioneer Title Co	\$604,160.34
Earnest Money	<u>71,500.00</u>

TOTAL	<u>\$675,660.34</u>
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DISBURSEMENTS:

Travelers Insurance Co	
Claim #44 filed 12/20/96	\$480,030.45
Accrued Interest @ 9.625%:	
12/06/96 - 7/30/98 = 601 days	<u>76,076.60</u>
	556,107.05

Associate Broker Fees - 5.5% of \$710,000.00	39,050.00
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Attorney Fees for Debtor - Howard Foley	20,000.00
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Idaho Tax Lien	972.01
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Land View Fertilizer (2nd mtg)	<u>23,894.70</u>
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640,023.76

Trustee Fees:

7.0% of \$410,896.93	\$28,762.79	
3.0% of \$229,126.83	<u>6,873.79</u>	<u>35,636.58</u>

TOTAL	<u>\$675,660.34</u>
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K. VALUE OF PROPERTY

Travelers Insurance Company issued their own appraisal on April 28, 1994 for \$800,000.00. The original offer by the buyers was \$715,000.00 of which the trustee has reduced this price by \$5,000.00 for missing irrigation equipment. Considering the appearance of the property has declined since 1994, and that the 7/8 mile mainline will either have to be repaired/replaced or center pivots installed, the trustee is of the opinion the proposed sale for \$710,000.00 is the best offer available.

L. ADDITIONAL CONDITIONS

- 1) The property is being sold in "as is" condition. The trustee will not be responsible for any environmental aspects of the property.
- 2) Title insurance and one-half closing costs will be paid by the trustee.
- 3) Per title page #5, exceptions #7 thru #13, and title page #12, exceptions #8 thru #16, Pioneer Title Co will pay all delinquent taxes thru 1997, penalty, costs and interest from proceeds received from the Buyers.
- 4) Per title page #5, exception #14, and title page #11, exception #7, Pioneer Title will pay 7/12's prorate taxes for 1998 from proceeds received from the Buyers.
- 5) The State tax lien per exception #23 on title page #7 will be paid by the trustee.
- 6) Taxes per exception #17, #18 and #19 on title page #12 will not be paid as these are owing on a trailer house which is not being sold by the trustee and is not currently located on the Debtor's property.
- 7) The Buyers will assume the following exceptions:

Title page # 5:	Exceptions #1 thru #6.
Title page # 6:	Exceptions #15 thru #19.
Title page # 7:	Exception #26.
Title page #11:	Exceptions #1 thru #6.
Title page #12:	Exception #20.
Title page #13:	Exceptions #21 thru #25.
- 8) The property will be sold free and clear of the following exceptions:

Title page # 6:	Exceptions #20 and #21.
Title page # 7:	Exceptions #22 and #25.
Title page #13:	Exceptions #26 thru #28.
- 9) No distribution will be made to exception #24 on title page #7 and exception #29 on title page #13. This is an unsecured claim filed September 30, 1996 with the U. S. Bankruptcy Court.
- 10) Upon Court approval, and after the sale closing, Associate Broker fees for \$39,050.00 (5.5% of \$710,000.00) to Rae Anderson by the trustee.
- 11) The distribution to Land View Fertilizer will be adjusted by any variance in net proceeds to the trustee from Pioneer Title.

DATED This 16th day of July, 1998.


Ronald D. Schoen, Trustee

SCHEDULE A

Commitment No.: **PC 25814**

Effective Date: **June 23, 1998 as of 7:30 a.m.**

Prepared by: **Joyce L. Keeter**

TO: **PIONEER TITLE COMPANY**
Escrow Department
Attn: Leslie Roberts

Proposed Insured:

ELDEN LIND and MELBA JEAN LIND, husband and wife

Policy or Policies to be issued:		Amount	Premium
Owner's coverage	(x) Standard	\$652,500.00	\$1,965.00
Form 1402.92 (10-17-92)	() Extended		
Purchaser's coverage	() Standard		
Form 1402.92 (10-17-92)			
Mortgagee's coverage	() Standard		
Form 1056.92 (10-17-92)	() Extended		
Endorsements			
Easement coverage			

Fee simple interest in the land described in this Commitment is owned,
at the Commitment Date by:

RONALD D. SCHOEN, as Trustee for the Estate of Terry L. Hipwell,
Bankrupt No. 96-2095

The land referred to in this Commitment is described as follows:

See attached Exhibit "A"

INDORSEMENT

Attached to Commitment No. PC 25814 First Datedown
 Issued by
FIRST AMERICAN TITLE INSURANCE COMPANY

This indorsement is made a part of said Commitment, including any prior indorsements, and is subject to the schedules, terms, provisions and conditions and stipulations therein, except as modified by the provisions hereof:

1. Schedule A of the above Commitment is hereby amended in the following particulars:

- (a) The effective date of the Commitment, including extensions, is: June 23, 1998 as of 7:30 a.m.
- (b) The title to the estate or interest in the land is at the extended effective date hereof vested in: SAME
- (c) The proposed insured is amended to read: SAME
- (d) The legal description is amended to read: SAME
- (e) Policies to be issued is amended to read:

	Amount	Premium
Standard Owner's Coverage	\$317,200.00	\$1,195.50

2. Schedule B of the above Commitment, including any prior indorsements, is hereby amended in the following particulars:

- (a) The exceptions at the following numbered paragraphs are hereby deleted: NONE
- (b) The exceptions at the following numbered paragraphs are hereby added: NONE

FIRST AMERICAN TITLE INSURANCE COMPANY
 by **PIONEER TITLE COMPANY OF CANYON COUNTY**

Joyce L. Keeter
 Title Officer

PC 25814

Exhibit "A"

PARCEL I

Land situated in the County of Canyon, State of Idaho, described as follows:

The North One-Half of the Northwest Quarter of Section 35, Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho.

EXCEPTING THEREFROM the following parcel:

COMMENCING at the West 1/16 corner common to Section 26 and 35 of Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho; thence

North 90° 00' 00" East a distance of 323.00 feet along the North line of said Section 35 and the centerline of Shelton Lane to a point; thence

South 0° 00' 00" East a distance of 250.00 feet at right angles with the centerline of said Shelton Lane and the North line of said Section 35 to a point; thence

North 90° 00' 00" West a distance of 523.00 feet along a line parallel with the North line of said Section 35 to a point; thence

North 0° 00' 00" East a distance of 250.00 feet, more or less, to the centerline of said Shelton Lane and the North line of said Section 35; thence

North 90° 00' 00" East a distance of 200.00 feet, more or less, along the centerline of said Shelton Lane and the North line of said Section 35 to the TRUE POINT OF BEGINNING.

PARCEL II

Land situated in the County of Canyon, State of Idaho, described as follows:

The Northwest Quarter of the Northeast Quarter of Section 35, Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho.

PARCEL III

Land situated in the County of Canyon, State of Idaho, described as follows:

COMMENCING at the West 1/16 corner common to Sections 26 and 35 of Township 6 North, Range 5 West, Boise Meridian, Canyon County, Idaho; thence

(continued)

North 90° 00' 00" East a distance of 323.00 feet along the North line of said Section 35 and the centerline of Shelton Lane to a point; thence

South 0° 00' 00" East a distance of 250.00 feet at right angles with the centerline of said Shelton Lane and the North line of said Section 35 to a point; thence

North 90° 00' 00" West a distance of 523.00 feet along a line parallel with the North line of said Section 35 to a point; thence

North 0° 00' 00" East a distance of 250.00 feet, more or less, to the centerline of said Shelton Lane and the North line of said Section 35; thence

North 90° 00' 00" East a distance of 200.00 feet, more or less, along the centerline of said Shelton Lane and the North line of said Section 35 to the TRUE POINT OF BEGINNING.

SCHEDULE B - Section 1

REQUIREMENTS

The following requirements must be met:

- (a) Pay the agreed amounts for the interest in the land and/or the Mortgage to be insured.
- (b) Pay us the premiums, fees and charges for the Policy.
- (c) Documents satisfactory to us creating the interest in the land and/or the Mortgage to be insured must be signed, delivered and recorded.
- (d) You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

SCHEDULE B - Exceptions

Commitment No.: PC 25814

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company.

(Only an Extended Coverage Policy may eliminate Exceptions 1 through 6, provided they are taken care of to our satisfaction.)

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any liens, or rights to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
7. General taxes for the year 1994, which are a lien, of which all are delinquent. (Account No. R 3947000--0) (PARCEL I and PARCEL III)
8. General taxes for the year 1995, which are a lien, of which all are delinquent. (Account No. R 39470000--0) (PARCEL I and PARCEL III)
9. General taxes for the year 1995, which are a lien, of which all are delinquent. (Account No. R 39464000--0) (PARCEL II)
10. General taxes for the year 1996, which are a lien, of which all are delinquent. (Account No. R 39470000--0) (PARCEL I and PARCEL III)
11. General taxes for the year 1996, which are a lien, of which all are delinquent. (Account No. R 39464000--0) (PARCEL II)
12. General taxes for the year 1997, which are a lien, of which all are delinquent. (Account No. R 39470000--0) (PARCEL I and PARCEL III)
13. General taxes for the year 1997, which are a lien, of which all are delinquent. (Account No. R 39464000--0) (PARCEL II)
14. General taxes for the year 1998, which are a lien, payable on or before December 20 of said year and not delinquent until after said date.

(continued)

15. Liens and assessments of the Black Canyon Irrigation District, and the rights and powers of said district as by law provided. No search made.
16. Provisions, reservations and restrictions as shown by the several contracts between the United States of America and Black Canyon Irrigation District, and the amendments thereto, or between the present owner or past owners of the real property herein described and the Black Canyon Irrigation District or the United States of America, whether said contracts be of record in the office of the Recorder of Canyon County, Idaho, or on file with the Secretary of Black Canyon Irrigation District.
17. Rights of way for irrigation and drainage ditches and canals and roads.
18. Any right, title or interest in any minerals, gravel, mineral rights or related matters, including, but not limited to, oil, gas, coal and other hydrocarbons. Matters may appear of record affecting said rights, but neither this Commitment nor the forthcoming Policy covers an examination of or insurance as to the ownership or condition of minerals.
19. An Easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: MICHAEL D. SKOGSBERG and BARBARA S. SKOGSBERG,
 husband and wife
 (No representation is made as to the present
 ownership of said Easement)
Purpose: ingress and egress
Recorded: December 13, 1988 as Instrument No. 8824478

Together with the restrictions contained therein.

20. A financing statement filed in the office of the County Recorder showing

Debtor: TERRY L. HIPWELL
Secured Party: THE TRAVELERS INSURANCE CO.
Recorded: December 20, 1994
No. 9437581

21. A Mortgage to secure an indebtedness as shown below, and any other obligation secured thereby

Amount: 375,000.00
Dated: December 20, 1994
Mortgagor: TERRY L. HIPWELL
Mortgagee: TRAVELERS INSURANCE COMPANY
Recorded: December 20, 1994 as Instrument No. 9437580

(continued)

22. A pending Court action as disclosed by a recorded notice

Plaintiff: THE TRAVELERS INSURANCE COMPANY,
a Connecticut corporation
Defendant: TERRY L. HIPWELL; UNITED STATES OF AMERICA,
THE INTERNAL REVENUE SERVICE;
BURKS TRACTOR COMPANY, INC.; JOHN DOE NO. 1;
JOHN DOE NO. 2; and DOES I through XX
County: Payette
Court: Third Judicial District
Case No.: CV-0 C-96-03490*D
Nature of Action: Lis Pendens
Recorded: May 4, 1996 as Instrument No. 9607065

23. State Tax Lien against TERRY L. HIPWELL in the amount of \$972.01, recorded April 1, 1996 as Instrument No. 9610051, records of Canyon County, Idaho.

24. An Abstract of Judgment for the amount shown below and any other amount due

Debtor: TERRY L. HIPWELL and JANE DOE HIPWELL,
husband and wife
Creditor: FARM PLAN CORPORATION
Date entered: April 24, 1996
County: Canyon
Court: Third Judicial District
Case No.: CV 96 00403
Amount: \$16,379.24
Recorded: April 25, 1996 as Instrument No. 9613133

25. Mortgage to secure an indebtedness as shown below, and any other amounts and/or obligations secured thereby:

Amount: \$126,563.46
Dated: May 6, 1996
Mortgagor: TERRY L. HIPWELL
Mortgagee: LAND VIEW FERTILIZER, INC.
Recorded: May 6, 1996 as Instrument No. 9614492

26. Matters in J-U-B Engineers Survey recorded December 7, 1994 as Instrument No. 9436404, records of Canyon County, Idaho.
(PARCEL III)

NOTE: PURSUANT TO THE STATE OF IDAHO INSURANCE REGULATIONS, A CANCELLATION FEE IS TO BE CHARGED ON ALL CANCELLED ORDERS. UNLESS OTHERWISE ADVISED, ORDERS WILL BE CONSIDERED CANCELLED SIX MONTHS AFTER THE EFFECTIVE DATE ON THE COMMITMENT. THE AMOUNT OF THE FEE ASSESSED SHALL BE IN ACCORDANCE WITH OUR RATE FILING WITH THE IDAHO DEPARTMENT OF INSURANCE.

The following page is a copy of the Canyon County Treasurer's records and is for your information only and not within the insuring provision of the Commitment or Policy.

SCHEDULE A

Commitment No: FA-10041

Effective Date: July 7, 1998 at 8:00 a.m.

Prepared by: Richard Rhodes

To: Pioneer Title
Attn: Leslie Roberts
Fax (208) 455-1138

Agrilands Real Estate
Attn: Rae Anderson
P.O. Box 669
Weiser, ID 83672
Fax (208) 378-1442

Proposed Insured:

ELDEN LIND AND MELBA JEAN LIND

Policy or Policies to be issued:	Amount	Premium
Owner's coverage	(X) Standard	\$392,800.00 \$1,364.25
	Form 1402.92 (10-17-92)	() Extended \$\$
Purchaser's coverage	() Standard	\$\$
	Form 1402.92 (10-17-92)	
Mortgagee's coverage	() Standard	\$\$
	Form 1056.92 (10-17-92)	() Extended \$\$
	Endorsements 100, 116, 8.1,	\$
Easement coverage		

FEE SIMPLE interest in the land described in the Commitment is owned, at the Commitment Date by:

TERRY L. HIPWELL, a single person.

The land referred to in this Commitment is described as follows:

SEE ATTACHED EXHIBIT "A"

The purported property address is: 1425 Boehm Lane, Parma, Idaho 83650.

EXHIBIT "A"

File No.: FA-10041

The South half of the Northeast quarter; and the North half of the Southeast quarter; and the Northwest quarter of the Southwest quarter; and the Southwest quarter of the Northwest quarter; and the Southeast quarter of the Northwest quarter; and the Northeast quarter of the Southwest quarter; and the South half of the Southwest quarter and the South half of the Southeast quarter all in Section 26, Township 6 North, Range 5 West, Boise Meridian, Payette County, Idaho.

ALTA Plain Language Commitment

No. FA-10041

SCHEDULE B - SECTION 1

Requirements

The following requirements must be met:

- (a) Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
- (b) Pay us the premiums, fees and charges for the policy.
- (c) Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.
- (d) You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.
- (e) We require proof that (name) is a legal entity capable of holding title.

No. FA-10041

SCHEDULE B - SECTION 2

Exceptions

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

PART 1

The following numbered exceptions 1-6 may be eliminated in an ALTA Extended Coverage Policy.

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. Unpatented mining claims: reservations or exceptions in patents or in acts authorizing the issuance thereof: water rights, claims, or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
7. Taxes for 1998 are an accruing lien and not yet due or payable.

CONTINUED

SCHEDULE B CONTINUED

File No.: FA-10041

8. Taxes for 1997 in the original amount of \$1,311.86 are delinquent assessment no. 250.
9. Taxes for 1996 in the original amount of \$1,286.06 are delinquent assessment no. 250.
10. Taxes for 1995 in the original amount of \$1,368.50 are delinquent assessment no. 250.
11. Taxes for 1997 in the original amount of \$265.22 are delinquent assessment no. 251.
12. Taxes for 1996 in the original amount of \$267.96 are delinquent assessment no. 251.
13. Taxes for 1995 in the original amount of \$286.52 are delinquent assessment no. 251.
14. Taxes for 1997 in the original amount of \$1,391.04 are delinquent assessment no. 251-1.
15. Taxes for 1996 in the original amount of \$1,402.38 are delinquent assessment no. 251-1.
16. Taxes for 1995 in the original amount of \$1,499.48 are delinquent assessment no. 251-1.
17. Taxes for 1997 in the original amount of \$51.32 are delinquent assessment no. 20796.
18. Taxes for 1996 in the original amount of \$57.06 are delinquent assessment no. 20796.
19. Taxes for 1995 in the original amount of \$56.50 are delinquent assessment no. 20796.
20. Regulations of Black Canyon Irrigation Co. Ltd., within which the above property lies, or all other Irrigation district, laterals that the above property lies, including levies, assessments, water and irrigation rights and easement for ditches and canals as provided by law.

CONTINUED

SCHEDULE B CONTINUED

File No.: PA-10041

21. Any easements, rights-of-way or ditches as they may exist.
22. Easement to construct, maintain and repair a roadway granted to County of Payette, State of Idaho, a municipal corporation, recorded as Instrument No. 169477. affects a strip of land 30 feet wide.
23. Easement to construct, maintain and a repair a roadway granted to County of Payette, a municipal corporation, recorded as Instrument No. 169478. affects a strip of land 30 feet wide.
24. An Easement for power lines and incidental purposes in favor of Idaho Power Company, as set forth in an instrument recorded February 18, 1982, as Instrument No. 192699, records of said County.
25. Statement of Intent to Declare Manufactured Home Real Property recorded August 15, 1994 as Instrument No. 251425, Official Records.
26. A mortgage dated December 20, 1994 to secure an indebtedness in the principal sum of \$375,000.00.
Recorded: December 20, 1994, Instrument No. 253366
Mortgagor: Terry L. Hipwell
Mortgagee: The Travelers Insurance Company, a Connecticut corporation.
27. State of Idaho Financing statement
Recorded: December 20, 1994, Instrument No. 253367
Debtor: Terry L. Hipwell
Secured party: The Travelers Insurance Co.
28. A mortgage dated May 6, 1996 to secure an indebtedness in the principal sum of \$126,563.46.
Recorded: January 8, 1997, Instrument No. 265609
Mortgagor: Terry L. Hipwell
Mortgagee: Land View Fertilizer, Inc.
29. Judgment for amounts due thereunder.
Date: May 15, 1996
Debtor: Terry L. Hipwell and Jane Doe Hipwell, husband and wife,
Creditor: Farm Plan Corporation
Amount: \$16,379.24
Recorded: May 16, 1996 as Instrument No. 261582
Case No: CV 96 00403, in the District Court of Canyon County.